

Prince Edward Island

Budget Highlights 2006-2007

On Course. On Target.

Index

Index	1
Overview	3
Fiscal Responsibility	4
Where the Money Comes From	7
Where the Money Goes	8
Health	9
Social Services and Seniors	10
Education	11
Other Additional Funding	12
Summary Statistics	13

Prince Edward Island

Budget Highlights 2006-2007

On Course. On Target.

Overview

Priority Areas

- Fiscal Responsibility
- Health
- Social Services and Seniors
- Education
- Community and Resource Development



We are on course in meeting our objective of improving the level of service delivered to Island residents and on target with respect to our financial goals.

Mitch Murphy
Mitch Murphy
Provincial Treasurer



Fiscal Responsibility

Budget Summary:

	2006-2007 Estimate (\$ millions)	2005-2006 Forecast (\$ millions)	2005-2006 Estimate (\$ millions)
Revenue:			
Provincial Own Sources	678.5	670.6	654.9
Federal Sources	458.8	433.5	438.2
Sinking Fund Earnings	17.3	12.7	12.6
Net Consolidated Surplus (Deficit) of Crown Corporations	<u>1.9</u>	<u>4.4</u>	<u>(2.1)</u>
Total Revenue	<u>1,156.5</u>	<u>1,121.2</u>	<u>1,103.6</u>
Expenditure:			
Program Expenditures	1,012.9	989.8	972.7
Interest Charges on Debt	<u>118.3</u>	<u>112.5</u>	<u>114.0</u>
Operating Expenditure	1,131.2	1,102.3	1,086.7
Depreciation Expense	<u>37.8</u>	<u>36.9</u>	<u>38.9</u>
Total Expenditure	<u>1,169.0</u>	<u>1,139.2</u>	<u>1,125.6</u>
Consolidated Deficit	<u>(12.5)</u>	<u>(18.0)</u>	<u>(22.0)</u>

Summary Statistics

	2004	2005
Population on 1 July (thousands)*	137.9	138.1
Personal Income per capita* (\$)	25,109	26,196 ¹
<i>As % of Canadian personal income</i>	82.8	83.0 ¹
Employment (thousands)*	66.9	68.2
Unemployment Rate - P.E.I. (%)	11.3	10.8
<i>Unemployment Rate - Canada (%)</i>	7.2	6.8
CPI - Annual Change P.E.I. (%)	2.1	3.2
<i>CPI - Annual Change Canada (%)</i>	1.9	2.2
Retail Trade (\$ millions)*	1,384.7	1,427.9
New Motor Vehicle Sales (units)	4,696	4,847
Farm Cash Receipts (\$ millions)*	345.6	363.7
Potato Receipts (\$ millions)*	151.1	161.7
Lobster Landings (\$ millions)*	100.1	103.2
<i>Lobster Landings (lbs - millions)*</i>	19.9	18.5
Housing Starts (units)	919	862
Investment (\$ millions)	723.6	768.3
Manufacturing Shipments (\$ millions)*	1,414.2	1,486.0
Tourist Visitations (thousands)* ²	913	n.a.
International Exports in Goods (\$ millions)*	644.4	772.6
GDP at Market Prices (\$ millions)*	4,023	4,237 ¹

* Revised Data

n.a. Data not available

¹ Provincial Treasury estimate ² Visitations do not include business travel and motorcoach travel.

Sources: Statistics Canada; CMHC; Tourism PEI;
PEI Department of Agriculture, Fisheries, and Aquaculture

Other Additional Funding

- Have contributed \$11.3 million to Infrastructure Programs in 2005-06 and will contribute a further \$15.9 million in 2006-07.
- Have contributed \$2.7 million to the 2009 Canada Summer Games.
- Increased marketing funding for tourism by \$930,000.
- Provide funding of \$500,000 towards organic marketing development, training, risk management and business planning. An additional \$1 million will be provided in years 2 to 5.
- Contribution of \$200,000 towards the investigation of invasive species under the Aquaculture and Fisheries Research Initiative.
- The new Canadian Agricultural Stewardship Program will be launched to continue and expand upon on-farm conservation projects.
- Additional funding towards the RCMP “L” Division to develop a street level drug team.
- Construction of a 30-megawatt wind farm in eastern Prince Edward Island is expected to begin in early summer.
- Extension of the Residential Energy Assistance Program at a cost of \$379,000.

Fiscal Responsibility

Forecast 2005-2006:

The Forecast Consolidated Deficit is down from \$22 million to \$18 million.

Revenues:

Total Revenue is up \$17.6 million, which results primarily from an increase in provincial own source revenues. The main increases result from growth in personal and corporate income taxes which makes up \$14.8 million of the total increase.

Expenditures:

Total Operating Expenditures are up \$15.6 million which is made up of a \$6.6 million increase in Health, a \$2.3 million increase in Social Services and Seniors and a \$6.7 million increase in other areas including:

Salary and Benefits	\$ 3.3 million
Farm Income Risk Management	\$ 1.2 million
Business Development Programs	\$ 1.2 million
Energy Assistance Program	\$ 0.5 million
East Coast Music Awards	\$ 0.2 million

Fiscal Responsibility

Budget Estimate 2006-2007:

Tax Measures:

A multi-year plan to bring the Small Business Tax Rate from 6.5% to 1% over the next five years. Effective April 1, 2006, the Small Business Tax rate will be reduced to 5.4%.

	Fiscal Year				
	06/07	07/08	08/09	09/10	10/11
Small Business					
Tax Rate	5.4%	4.3%	3.2%	2.1%	1.0%

Revenues:

Provincial source revenues will increase 3.6% or \$23.6 million from the 2005-06 Budget Estimates. This is due mainly to increases in revenues from personal income tax, property tax and gasoline tax.

Federal source revenues will increase by \$20.5 million or 4.7% which is made up of increases in Equalization, Canada Health Transfer, Canada Social Transfer, Infrastructure Works and Wait Time Reduction.

Expenditures:

Program expenditures are up \$40.2 million. Most of the increase is in Health \$19.2 million, Education \$10.6 million and Social Services and Seniors \$8.2 million.

Education

Highlights

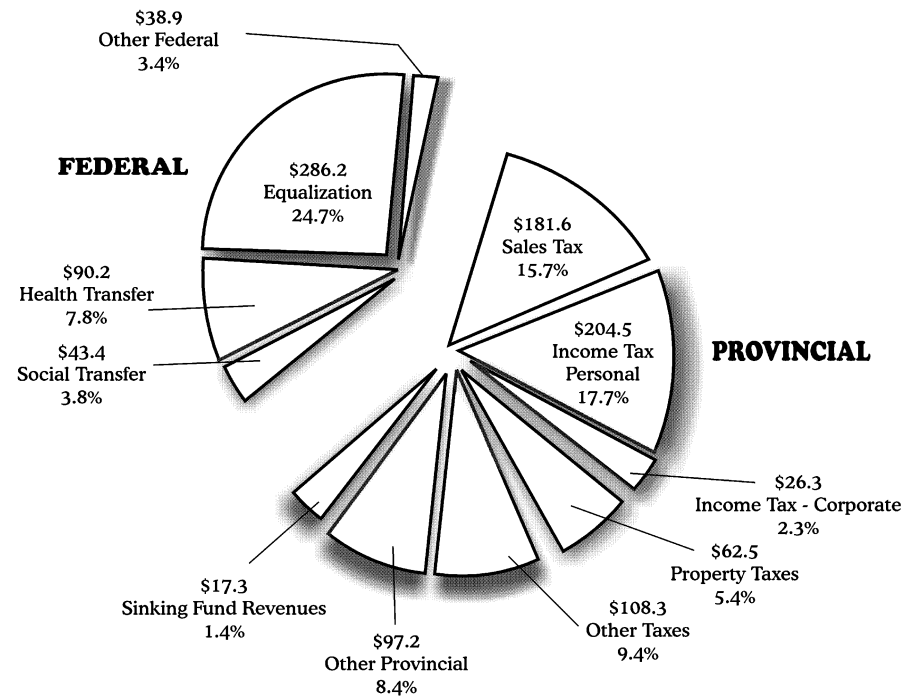
- Completed the Final Report of the Task Force on Student Achievement.
- Commit \$9 million over the next three years to implement recommendations of the Task Force on Student Achievement.

2006-07	\$1 million
2007-08	\$3 million
2008-09	\$5 million
- Will reactivate the staffing model for teachers by adding 6 new positions this year and maintaining 30 teachers as student enrollment declines. This represents an investment of \$2 million.
- Will add an additional \$1.3 million to School Boards for fuel, electricity and other operating costs.
- Will increase funding to UPEI by \$1.25 million and Holland College by \$750,000 to fund increased costs of operations.
- Will provide UPEI with \$1 million for our commitment towards the Building a Legacy campaign for capital projects.
- Will add an additional \$220,000 for school library collections.
- Will provide additional funding for community schools.

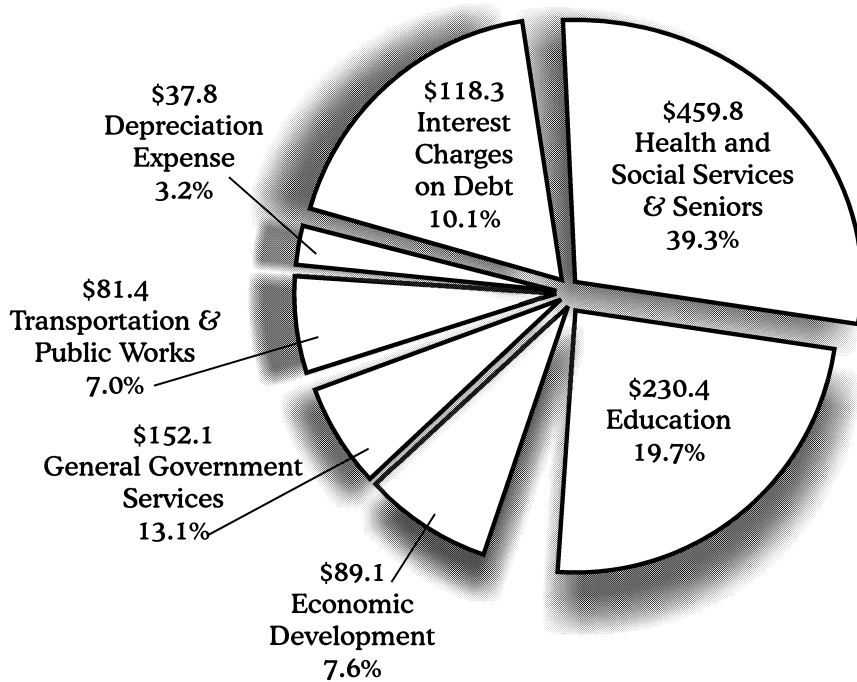
Highlights

- Addition of Alzheimer drug in July 2005 to assist 115 people.
- Through the Early Learning Child Care Agreement provided \$1.36 million to early childhood centres and educators.
- Invested \$450,000 in the Child Care Subsidy Program.
- A series of oral diabetes medications will be added to the Provincial Drug Program along with two new oral cancer medications at a cost of \$669,000.
- Additional funding of \$139,000 towards non-profit organizations.
- Provide funding of \$850,000 to community organizations to support residential and vocational needs.
- Support of \$637,900 to Brackley House which houses six special needs children.
- Provide \$2 million in support of a rate increase at community care facilities and the shelter ceiling for rental accommodations for social services recipients.
- Increased funding for Best Start of \$237,000.

2006-2007 Revenues
Where the Money Comes From
 (\$ millions)



**2006-2007 Expenditures
Where the Money Goes
(\$ millions)**



Highlights

- Nurse Practitioners Legislation is in place for the creation of Nurse Practitioner positions.
- Increased the number of physicians from 153 in 1997 to 178 as of December 2005.
- Increased the number of nurses from 1,411 in 2001 to 1,557 in October, 2005.
- Completed construction of the Souris Hospital annex to house the family health centre, addictions, community health and public health nursing.
- Provision of \$2.7 million to physician services, including recruitment in 2006-2007.
- Reinstatement of the nurses recruitment strategy sponsorship, Bachelor of Nursing summer employment program and health futures program at a cost of \$913,000.
- Increase funding to the Oncology Centre of \$275,000.
- Approve the development of a \$14 million Clinical Information System.